



1999

Presidential Awards for Excellence in  
Microenterprise Development

Program Overview

*The Presidential Awards for Excellence in Microenterprise Development are administered by the Community Development Financial Institutions Fund (Fund); however, they are separate and apart from the CDFI Program and the Bank Enterprise Award (BEA) Program. Winning a Presidential Award is not contingent on receipt of assistance from the CDFI Fund through the CDFI Program or the BEA Program. Also, winning a Presidential Award does not imply eligibility for financial or technical assistance from the CDFI Fund. Similarly, winning a Presidential Award does not imply certification as a CDFI, and certification as a CDFI does not imply eligibility for a Presidential Award.*

Applications must be received at the offices of the Fund , no later than 6:00 p.m., EST, Tuesday, August 3, 1999. Send applications to:

Attn: Awards Manager  
Community Development Financial Institutions Fund  
U.S. Department of the Treasury  
601 13th Street, NW, Suite 200 South  
Washington, DC 20005

Applications faxed or sent via e-mail will not be accepted.

#### *Paperwork Reduction Act Notice*

*This application package is provided to applicants for awards under the Presidential Awards for Excellence in Microenterprise Development Program. The estimated average burden associated with this collection of information is 35 hours per respondent, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Department of the Treasury, Community Development Financial Institutions Fund, 601 13th Street, NW, Suite 200 South, Washington, DC 20005.*

# Mission

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The Presidential Awards for Excellence in Microenterprise Development were created as one of the commitments made by the United States at the United Nations Fourth World Conference on Women held in Beijing, China in September 1995. As a key development finance initiative of the Clinton Administration, the Community Development Financial Institutions Fund of the U.S. Department of the Treasury was selected to administer the Presidential Awards Program.

The Presidential Awards reflect the on-going commitment of President Clinton to advance the role that Microenterprise development plays in enhancing entrepreneurial opportunities for all Americans, particularly women, low income people, and others that have had difficulty gaining access to the financial services industry and the economic mainstream. By recognizing

outstanding Microenterprise Development and Support Organizations, the Presidential Awards' mission is to advance an understanding of "best practices" in the field of Microenterprise development and bring wider public attention to the important successes of Microenterprise development in the United States.

The Presidential Awards are non-monetary awards that are made annually. Awards are available in different categories designed to reflect the diverse activities, purposes and challenges faced by the Microenterprise development field. This Program Overview presents the eligibility criteria, award categories, selection criteria, and selection process for the 1999 awards. In addition, the Program Overview provides profiles of the six 1998 Presidential Award winners.

# Eligibility

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The eligibility requirements of the Presidential Awards are established with respect to each award category:

Award Category	Eligible Applicants
Access to Capital	Microenterprise Development Organizations
Developing Entrepreneurial Skills	Microenterprise Development Organizations
Poverty Alleviation	Microenterprise Development Organizations
Public or Private Support	Microenterprise Support Organizations
Program Innovation	Microenterprise Development Organizations or Microenterprise Support Organizations

## Limitations on Eligibility

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If an applicant has previously received an award in a specific award category, such applicant is ineligible to apply for an award in the same category for a period of three years following receipt of the award. (For example, a 1998 award winner in a category cannot apply for an award in that same category until the year 2002).

Departments, agencies or instrumentalities of the United States government are not eligible to apply for a Presidential Award.

## Definitions

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### What is a Microenterprise Development Organization?

For the purposes of the Presidential Awards, a Microenterprise Development Organization (MDO) consists of a “practitioner” organization that works directly with Microentrepreneurs. To apply under an MDO-eligible award category, an applicant must meet the following three tests:

- (1) **Primary Purpose:** An MDO shall have Microenterprise development as a primary

purpose. An applicant will be considered to have such a primary purpose if it:

- (a) has been in operation for at least two complete calendar or fiscal years;
- (b) made or facilitated access to at least one Micro Loan to a Microenterprise within the past 12-months; and
- (c) has targeted its efforts principally to activities that support Micro-entrepreneurs. Such activity targeting may be evaluated by the number of Microentrepreneurs served, number of Micro Loans made, the total dollar amount of Micro Loans made, or other criteria deemed appropriate by the Fund. The primary purpose requirement will be applied to the applicant as a whole or an affiliate, division or discrete program of a larger organization, as deemed appropriate by the Fund.

- (2) **Domestic Program:** An MDO shall exclusively serve or have a program that exclusively serves individuals that are residents of the United States, including the District of Columbia, or any territory of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Trust Territories of the Pacific Islands, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

# Eligibility

- (3) **Program Activities:** An MDO must currently provide the following services to Microentrepreneurs:
- (a) Access to Micro Loans, directly or through a formal partnership, as evidenced by a written agreement or letter of understanding, with another organization; and
  - (b) Access to training, counseling or technical assistance, directly or through a formal partnership, as evidenced by a written agreement or letter of understanding, with another organization. Such training, counseling or technical assistance must provide assistance to Microentrepreneurs for the purpose of enhancing business planning, marketing, management, financial management, or other aspects of developing a successful business.

## What is a Microenterprise Support Organization?

A Microenterprise Support Organization (MSO) is an entity that does not work directly with Microentrepreneurs as its principal activity, but supports the efforts of MDOs through financial assistance, technical assistance, research or other activities. To apply under an award category where MSOs are eligible, an applicant must:

- (1) have been in operation for at least two complete years;
- (2) either provide financial or technical assistance directly to MDOs; or
- (3) make contributions indirectly to the Microenterprise field through research or other activities that enhance the knowledge, capacity, or visibility of the field;
- (4) not provide services directly to Microentrepreneurs as its principal line of business; and

- (5) serve MDOs (or others engaged in microenterprise development) that serve individuals that are residents of the United States, including the District of Columbia, or any territory of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Trust Territories of the Pacific Islands, and the Commonwealth of the Northern Mariana Islands.

## What is a Micro Loan?

A Micro Loan is a loan made for business purposes to a Microentrepreneur in a principal amount that does not exceed \$25,000. A loan for business purposes does not include a loan made for the purpose of the acquisition, construction, or rehabilitation of real estate.

## What is a Microenterprise?

A Microenterprise is a sole proprietorship, partnership, family business, or an incorporated entity that has no more than five employees, including the owner(s), does not generally have access to the commercial banking sector, and seeks a loan of \$25,000 or less.

## What is a Microentrepreneur?

A Microentrepreneur is (i) the owner of a Microenterprise or (ii) an individual seeking to establish a Microenterprise.

## Other Definitions

**Low Income** means an income of not more than 80 percent of the area median family income.

**Poverty** means the state or condition of being poor as defined by the U.S. Bureau of the Census.

# Award Categories

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Presidential Awards for Excellence in Microenterprise Development may be given in any of five categories. The award categories are intended to embrace the diverse activities and purposes of Microenterprise development and the key opportunities and challenges faced by the Microenterprise field. The Presidential Awards seek to advance the field of Microenterprise development in the United States by recognizing excellent programs and sharing the lessons learned by these organizations with the Microenterprise field, policy makers, funders, and other key partners. Up to two awards may be made in each award category.

Applicants may apply under only one of the “primary award” categories: Access to Capital, Developing Entrepreneurial Skills, Poverty Alleviation, and Public or Private Support award categories. To apply for an award under one of the primary award categories, an applicant must complete the appropriate award category application contained in this application packet. Applicants under any one of the primary award categories may also elect to be considered for an award in the Program Innovation award category. The Program Innovation award category is considered a “floating” award that may be given to no more than two applicants in any one or more of the primary award categories. However, an applicant may only receive an award in one award category in a given year. An applicant may not receive an award in more than one primary award category or both a primary award category and the Program Innovation award category in the same year. To be considered for a Program Innovation award, each applicant should complete the Program Innovation portion of the primary award category application in which it is seeking an award.

## Excellence in Providing Access to Capital

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The Excellence in Providing Access to Capital award recognizes MDOs that have achieved outstanding success in broadening the availability of credit to Microentrepreneurs through the provision of Micro Loans or Micro Loan guarantees.

## Excellence in Developing Entrepreneurial Skills

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The Excellence in Developing Entrepreneurial Skills award recognizes MDOs that have demonstrated effectiveness in building entrepreneurial skills through providing training, technical assistance or other skill development activities that help develop successful Microentrepreneurs.

## Excellence in Poverty Alleviation

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The Excellence in Poverty Alleviation award recognizes MDOs that have developed effective and innovative strategies or methods of alleviating poverty and/or improving the well-being of Low Income individuals through the development of Microentrepreneurs. (Note: Applicants in this category need not work exclusively with Low Income clients. However, this category is intended to recognize programs that target a significant portion of their efforts to serve Low Income clients.)

## Excellence in Public or Private Support for Microenterprise Development

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The Excellence in Public or Private Support for Microenterprise Development award recognizes MSOs that have provided significant or innovative support to MDOs or to the development of the Microenterprise field.

## Excellence in Program Innovation

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The Excellence in Program Innovation award recognizes MDOs or MSOs that best reflect the next level of development for the Microenterprise field and/or a new strategy for addressing a challenge, problem or issue of significant concern to the field.

# Selection Process and Criteria

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Winners of the Presidential Awards will be selected through a competitive application and review process. The deadline for receipt of an application is August 3, 1999 at 6:00 p.m. EST.

## Selection Criteria

Each award category has a set of selection criteria that will be used to evaluate the extent of an applicant's achievement of excellence. Successful applicants must demonstrate both qualitatively and quantitatively their effectiveness and/or excellence under the criteria. The Presidential Awards application packet includes application forms and questions that are tailored to each primary award category. An applicant seeking to be considered for a Program Innovation award will first be evaluated under the primary award category in which it has applied. Afterward, it will be evaluated under the Program Innovation award category. Selection criteria are discussed below. Additional information regarding the selection criteria may be found in the application for each primary award category.

### Selection Criteria for Excellence in Providing Access to Capital

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- ★ **Scope and Scale:** Is the scope of the products and services provided by the applicant appropriate for the target market? To what extent has the applicant increased, over time, the scale of its service to Microentrepreneurs? To what extent has the applicant achieved an effective scale in the delivery of its products and services?
- ★ **Impact:** To what extent does the applicant's program have a significant impact on facilitating access to capital for Microentrepreneurs?
- ★ **Program Design Effectiveness:** Is the program's design and implementation effective in promoting access to capital

and appropriate given the needs of the target market?

- ★ **Quality:** To what extent is the applicant's program effectively managed?
- ★ **Sustainability:** To what extent has the applicant demonstrated the financial sustainability of its strategy to facilitate access to capital for Microentrepreneurs?
- ★ **Financial Health and Organizational Structure:** To what extent has the applicant demonstrated that it is in good financial health, has a strong management and program implementation team, and has an organizational structure that is effective in supporting its microenterprise development activities?
- ★ **Adaptability:** To what extent has the applicant demonstrated that its program, elements of its program, or lessons learned from its activities may be transferred to or adapted by other MDOs?
- ★ **Leadership:** To what extent has the applicant demonstrated that it has made and will continue to make a significant contribution to other MDOs or the microenterprise field?

### Selection Criteria for Excellence in Developing Entrepreneurial Skills

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- ★ **Scope:** Is the scope of the products and services provided by the applicant appropriate for the target market?
- ★ **Scale:** To what extent has the applicant achieved an effective scale in the delivery of its products and services?
- ★ **Impact:** To what extent does the applicant's program have a significant impact on facilitating the development of entrepreneurial skills among Microentrepreneurs? Does the applicant

# Selection Process and Criteria

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use measures or other indicators that are effective in assessing its impact in developing entrepreneurial skills?

- ★ **Program Design Effectiveness:** Is the program's design and implementation effective in facilitating the development of entrepreneurial skills and appropriate given the needs of the target market ?
- ★ **Financial Health and Organizational Structure:** To what extent has the applicant demonstrated that it is in good financial health, has a strong management and program implementation team, and has an organizational structure that is effective in supporting its microenterprise development activities?
- ★ **Adaptability:** To what extent has the applicant demonstrated that its program, elements of its program, or lessons learned from its activities may be transferred to or adapted by other MDOs?
- ★ **Leadership:** To what extent has the applicant demonstrated that it has made and will continue to make a significant contribution to other MDOs or the microenterprise field?

- ★ **Program Design Effectiveness:** Is the program's design and implementation effective in alleviating poverty or improving the well-being of Low Income Microentrepreneurs and appropriate given the needs of the target market?
- ★ **Extent of Targeting:** To what extent does the applicant's program target Low Income Microentrepreneurs or Microentrepreneurs living in poverty?
- ★ **Financial Health and Organizational Structure:** To what extent has the applicant demonstrated that it is in good financial health, has a strong management and program implementation team, and has an organizational structure that is effective in supporting its microenterprise development activities?
- ★ **Adaptability:** To what extent has the applicant demonstrated that its program, elements of its program, or lessons learned from its activities may be transferred to or adapted by other MDOs?
- ★ **Leadership:** To what extent has the applicant demonstrated that it has made and will continue to make a significant contribution to other MDOs or the microenterprise field?

## Selection Criteria for Excellence in Poverty Alleviation

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- ★ **Scope and Scale:** To what extent has the applicant achieved an effective scale in the delivery of its products and services? Is the scope of its products and services appropriate for the target market?
- ★ **Impact:** To what extent does the applicant's program have a significant impact on improving the well-being of Low Income Microentrepreneurs or Microentrepreneurs living in poverty?

## Selection Criteria for Excellence in Public or Private Support for Microenterprise Development

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- ★ **Scope and Scale:** To what extent has the applicant provided significant support to MDOs and/or the Microenterprise field? Is the scope of support appropriate given the needs of MDOs and/or the Microenterprise field?



# Selection Process and Criteria

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- ★ **Impact:** To what extent has the applicant's support had a significant impact in promoting the Microenterprise development field and/or MDOs?
- ★ **Program Design Effectiveness:** Is the program's design and implementation appropriate given the needs of MDOs and the Microenterprise field?
- ★ **Commitment:** To what extent has the applicant demonstrated a long term commitment to promoting MDOs and/or the Microenterprise field? Will that commitment be carried into the future?
- ★ **Financial Health and Organization Structure:** To what extent has the applicant demonstrated that it is in good financial health, has a strong management and program implementation team, and has an organizational structure that is effective in supporting its microenterprise development activities?
- ★ **Adaptability:** To what extent has the applicant demonstrated that its program, elements of its program, or lessons learned from its activities may be transferred to or adapted by other MSOs?

- ★ **Leadership:** To what extent has the applicant demonstrated that it has made and will continue to make a significant contribution to other MSOs, MDOs, or the microenterprise field?

## Selection Criteria for Excellence in Program Innovation

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- ★ **Creativity:** To what extent does the applicant demonstrate a "leap of creativity" in the design and implementation of its Microenterprise program?
- ★ **Relevance to the Industry:** To what extent is the innovation developed by the applicant relevant and important to the Microenterprise development industry?

# Profiles of 1998 Presidential Awards

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## Excellence in Program Delivery: Access to Capital

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Micro Industry Credit Rural Organization  
(MICRO) of the PPEP Microbusiness and  
Housing Development Corporation, Inc.

Tucson, Arizona

The Micro Industry Credit Rural Organization (MICRO), a loan fund of PPEP Microbusiness and Housing Development Corporation, was founded in 1987 and is one of the oldest Hispanic development organizations and one of the oldest microenterprise loan funds in the nation. MICRO is recognized for its best practices as a credit-oriented model for promoting microentrepreneurship.

MICRO has demonstrated performance and leadership within the microenterprise field. MICRO has achieved high impact by making credit available to a large number of small and start up businesses within a very low income community. The Awardee has proven that it is resilient in withstanding significant economic challenges when many of its borrowers that sell products to customers in Mexico were adversely affected by the devaluation of the Mexican peso. MICRO's management has provided leadership within the microenterprise industry in forging bank partnerships, working toward the establishment of an industry trade organization, and sharing its lessons learned with others in the industry.

MICRO is a microenterprise loan fund with a primary mission of nurturing low-income, disenfranchised microentrepreneurs in rural Arizona. MICRO is a part of Project PPEP (Portable, Practical Educational Preparation), a non-profit organization serving the social, educational and business needs of its low-income, principally Hispanic clientele that live in distressed communities of rural Arizona. MICRO has developed an innovative and effective model for fostering the development of

stable microenterprises which have created jobs, generated income, built assets, and enhanced the skills of entrepreneurs traditionally disadvantaged by race, ethnicity, income and location.

MICRO provides working capital loans at market rates in conjunction with technical assistance, such as business skills training and English classes. The Awardee also requires its borrowers to participate in local MICRO business associations which offer a means for microentrepreneurs to network, receive peer support, and share ideas. Since opening its doors in 1987, MICRO has served more than 1,050 entrepreneurs and provided \$5.5 million in credit. Nearly 80% of all of MICRO's clients that have received financial or technical assistance since its formation are still in business today. Furthermore, MICRO has enabled its clients to enhance their economic well-being. Some clients that have been with the program since its early days have increased their household assets by nearly 75%, with most clients experiencing annual increases of \$5,000 to \$15,000.

The MICRO model has been used to successfully establish microenterprise programs throughout the United States and abroad including Hawaii, Texas, Nebraska, Oklahoma, Florida, New Mexico, Peru, Brazil, Mexico, Bolivia, Africa and Tobago.

# Profiles of 1998 Presidential Awards

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## Excellence in Program Delivery: Developing Entrepreneurial Skills

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Detroit Entrepreneurship Institute, Inc.

Detroit, Michigan

The Detroit Entrepreneurship Institute, Inc. (DEI) provides a one-stop shop for aspiring microentrepreneurs. DEI is recognized for providing a uniquely comprehensive range of training, technical assistance and business support services targeted to welfare recipients and low income individuals. DEI is a key welfare-to-work model to watch.

Started as a program of Wayne State University in 1990, DEI was incorporated as an independent non-profit organization in 1997. The mission of DEI is to "assure that low income individuals left out of the free enterprise system are enveloped into the economic mainstream through self-employment." DEI's comprehensive services, scale of activity, and high rate of business formation among its low income, minority women clientele make it an industry leader.

DEI has demonstrated a strong and lasting commitment to serving the most needy clients. Fully 75% of its clients are recipients of Temporary Assistance for Needy Families (TANF) subsidies and nearly 90% have incomes at or below 80% of the Detroit Metropolitan area median family income. DEI also targets traditionally underserved people. Ninety-five percent (95%) of its clients are minorities; ninety-two percent (92%) are women, and fifty-eight percent (58%) are female heads of households.

DEI's training program is tailored to people with little or no business experience. The training curriculum begins with a Self Assessment and concludes with an Employability Workshop. The curriculum covers a broad range of business and personal development

topics including stress and time management, how to manage a checkbook, business book-keeping, understanding business financial statements, importing and exporting products, developing a logo, computer basics, obtaining business insurance, and customer service. Since its inception, nearly 1,200 individuals have participated in DEI's training program with more than 58% completing the 2 year curriculum. More than 60% of graduates -- or 400 clients -- have started their own businesses.

Given the significant challenges faced by its clientele in starting a successful business, DEI provides comprehensive business support services. Clients can tap the expertise of other successful business owners who are assigned to work with them for two years by providing advice, training, and help in writing a business plan. DEI provides its clients with a no-cost, on-site business reference library, graphic design department, business computer center, and tax preparation service. DEI also provides its clients with access to a personal development counselor to help clients address non-business issues including domestic violence, substance abuse, affordable housing, and other household subsistence needs. While self-employment is the goal of DEI, it recognizes that many of its clients will need a stable source of income while they build their businesses. To that end, DEI offers employment services to help place clients in steady jobs.

# Profiles of 1998 Presidential Awards

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## Excellence in Program Delivery: Developing Entrepreneurial Skills

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### Northeast Entrepreneur Fund, Inc.

Virginia, Minnesota

Providing microentrepreneurs with the building blocks for success is the cornerstone of the Northeast Entrepreneur Fund, Inc. (NEF). NEF is recognized for its strong commitment to developing and implementing impact measures for assessing the performance of training-based microenterprise programs, as well as providing an effective and flexible model for delivering skill development services to rural entrepreneurs.

Created in 1989, NEF serves low-income, unemployed and underemployed individuals living in remote and economically distressed north-eastern Minnesota. NEF's market penetration rate is high. Serving a 20,000 square mile area with a population base of nearly 310,000, NEF's services have touched approximately two percent (2%) of the entire regional workforce. Since its creation, over 2,500 customers have received training or technical assistance.

NEF is among the leading practitioner organizations in the nation in developing and implementing tools for assessing the impact of training-based microenterprise programs. Since its inception, NEF has assisted 359 businesses in starting, expanding or stabilizing. In addition, NEF has facilitated the creation of 700 jobs. Furthermore, nearly 66% of NEF's clients are still in business today. Through workshops and conferences, NEF has shared its lessons learned about measuring the impact of its skill development activities on its clients and is a leading model in demonstrating the effectiveness of training-oriented microenterprise programs.

NEF's strategy is to promote successful entrepreneurship by providing its customers with a

comprehensive range of personal development courses and business training workshops. NEF has a clear mission and effective implementation strategy for providing the entrepreneur with the necessary skills and tools to assess the feasibility and viability of their business ideas, as well as their own capacity and commitment to be a successful business owner. NEF created its CORE FOUR Business Planning Course, a 12-hour, four week course covering business operations, market analysis, cash flow and planning. This basic curriculum is supplemented by one-on-one business counseling and workshops on select business topics. NEF's training curriculum and technical assistance is demand-driven and allows each entrepreneur the flexibility to design an individualized skill development plan that addresses his or her needs.

# Profiles of 1998 Presidential Awards

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## Excellence in Program Delivery: Poverty Alleviation

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Institute for Social and Economic Development  
Iowa City, Iowa

The Institute for Social and Economic Development (ISED), founded in 1987, was one of the earliest microenterprise programs in the United States focusing specifically on poverty alleviation. Having proven its staying power while maintaining a strong and aggressive commitment to serving its low income clientele, ISED is recognized for its comprehensive program design and its commitment to promote the evolution of the microenterprise field through impact measurement.

With community-based offices in Cedar Rapids, Davenport, Des Moines, Sioux City and Waterloo, ISED was one of the earliest statewide microenterprise development models in the nation. ISED targets welfare recipients and low income entrepreneurs with the goal of enabling their clients to become successful business owners and enhance their self-sufficiency. ISED also targets economically distressed urban neighborhood and remote rural communities as a means of facilitating economic revitalization. Since its creation, ISED has served approximately 5,000 clients.

Long before the nation was focused on welfare-to-work initiatives, ISED was pioneering strategies to facilitate the transition of welfare recipients from public assistance dependency to the economic mainstream. Currently, 42% of the businesses assisted by ISED are owned by welfare recipients. ISED's program design provides a solid combination of training, technical assistance and access to capital that is recognized for its consistency and quality of services. As a training-oriented program, ISED has designed a comprehensive training curriculum that is tailored to the unique needs of its customers. The training is complemented by one-

on-one business counseling and follow-up assistance.

ISED provides access to business credit for its clients by securing agreements with both private sector and public sources of capital to provide financing to its clients. To mitigate the risk to its private sector financing partners, ISED operates a Loan Guarantee Fund that provides credit enhancement on loans to high-risk, start-up companies. ISED has helped its clients access over \$5 million in capital. ISED has also aggressively sought to tap into available public sector resources to meet the significant needs of its low income clientele. Since inception, 43% of its clients have started or expanded their businesses -- of which 63% are still in operation.

ISED distinguishes itself within the microenterprise field by its strong and on-going commitment to program evaluation and impact measurement. These efforts have demonstrated the effectiveness of ISED's program as a poverty alleviation strategy. Since 1988, almost 90% of ISED's welfare clientele have reduced or eliminated their dependence on welfare.

# Profiles of 1998 Presidential Awards

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## Excellence in Public or Private Support for Microenterprise Development

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### Corporation for Enterprise Development

Washington, D.C. and San Francisco, CA

Founded in 1979, the Corporation for Enterprise Development (CFED) has been one of the leading lights in the development of the U.S. microenterprise industry. CFED is recognized for its steadfast and long-standing commitment to low income people and its vision, creativity and initiative in moving the microenterprise industry to new heights at every stage of its development.

CFED's mission is to close the poverty gap in the United States. The list of CFED's accomplishments is long. This Awardee has carried out its mission by: conducting research and program evaluation; pioneering new credit and asset-building strategies tailored to the needs of low income people; collecting and disseminating information to the field on best practices in microenterprise development; providing training and technical assistance to many leading organizations in the microenterprise field; and serving as a strong and effective voice for the industry.

CFED has played an instrumental role in enhancing the capacity of the microenterprise field. Most notably, through its Self Employment Investment Demonstration, CFED helped launch several of the industry's leading microenterprise development organizations including four Presidential Award winners -- three 1998 winners, Detroit Entrepreneurship Institute, Inc., Institute for Social and Economic Development, and Northeast Entrepreneur Fund, Inc. and Women's Self Employment Program (a 1997 winner). In addition, CFED played a critical role in facilitating the creation or development of several other important

initiatives that are key to the field including the Association for Enterprise Opportunity (the industry trade association), Self Employment Learning Project (the industry's evaluation and research arm and a 1997 Presidential Awardee), and the Fund for Innovation, Effectiveness Learning and Dissemination (a new financial intermediary).

CFED has facilitated the development and dissemination of best practices in the field through its educational initiatives. CFED has authored numerous publications that have been seminal in informing practice and policy development in the U.S. microenterprise industry including the Entrepreneurial Economy Review, the journal of record for entrepreneurial development since 1982. In addition, CFED has sponsored or organized numerous national conferences, policy and practitioner forums, and meetings on microenterprise and asset-building strategies.

CFED has served as an active and articulate policy voice for the industry. It has been a strong advocate for the development of microenterprise as a strategy for poverty alleviation. Its public policy initiatives include successfully advocating for amendments to the Job Training Partnership Act and Welfare to Work Act, enactment of the Assets for Independence Act, creation of the Small Business Administration's Microloan Program, the U.S. Department of Health and Human Service's Office of Refugee Resettlement Microenterprise Program, and the U.S. Department of the Treasury's Community Development Financial Institutions Fund.

# Profiles of 1998 Presidential Awards

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CFED has pioneered new strategies for microenterprise development and asset development among low-income people through its numerous demonstration programs and initiatives. Over the last 15 years, CFED's efforts include the HUB Program for Women's Enterprise, Self-Employment Investment Demonstration Program, FirmStart, State Human Investment Policy Demonstration, and "Downpayments on the American Dream," an Individual Development Account Demonstration. In addition, CFED and the Mott Foundation began jointly conducting Seed Capital Surveys of microloan programs and providing funding for state microenterprise associations starting in 1990.

CFED began its work during the infancy of the United States microenterprise industry. It's early efforts focused on defining the field within the domestic context and laying the groundwork for the industry's growth and development. CFED has set the pace for the industry in policy development and created or facilitated many of the essential innovations that have allowed the field to make remarkable progress over the last 15 years.

# Profiles of 1998 Presidential Awards

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## Excellence in Public or Private Support for Microenterprise Development

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Montana Microbusiness Finance Program  
of the Montana Department of Commerce  
Helena, Montana

The Montana Microbusiness Finance Program (MMFP) builds the capacity of local organizations to promote community asset-building and microbusiness ownership. MMFP demonstrates excellence as a state-wide model for creating and growing microenterprises in a rural state. MMFP is recognized for developing an innovative and effective program that facilitates micro entrepreneurship through comprehensive services, creative partnerships, implementing a system for measuring its effectiveness, and being highly adaptable to local needs.

MMFP was created in 1991 and is operated as part of the Montana Department of Commerce. MMFP facilitated the creation and/or growth of 12 microlending organizations which collectively serve most of the state through provision of loans, technical assistance, training and organizational support. Since the inception of MMFP, the microlending organizations that it has assisted have made 528 loans to microentrepreneurs totaling \$6.6 million.

MMFP is recognized for developing and implementing measures for assessing its community impact and effectiveness. MMFP found that 27% of its borrowers were receiving public assistance at the time they received their loans. However, fully 81% of these borrowers ceased utilizing public assistance after the loans were made. This Awardee reports that 1,041 jobs have been created or retained by the microbusinesses it has assisted. MMFP has created an innovative cost/benefit model for assessing the benefits it creates. This Awardee estimates that it creates \$4.57 in community benefit for each \$1.00 spent by the state on its programs.

MMFP seeks to enhance the self-sufficiency of the microlenders it assists. The self-sufficiency ratios for the 12 microlenders it assists is between 50% and 80%. MMFP also seeks to create partnerships with other government agencies and private sector funders to enhance the operating environment for its microlenders. Through these partnerships, resources are channeled to the microlenders through a coordinated strategy. For example, MMFP works with the Small Business Administration and its small and micro business programs; the U.S.D.A. and its Rural Development Intermediary Relending Program; the Economic Development Administration's loan programs; agencies administering the Community Development Block Grant Program; and the Service Corp of Retired Executives.

One of MMFP's most notable qualities is its proven ability to develop and innovate mechanisms to meet the needs of microlenders. For example, MMFP created and distributed an electronic portfolio monitoring system to provide management tools for microlenders. This system enables MMFP to receive uniformly reported data on the activities of the 12 local microlenders.